In the Claims:

Please amend the claims as follows. Please cancel claims 6-7, 11 and 14 without prejudice. Applicant reserves the right to pursue the canceled claims or similar variations of them.

1) (Currently amended) A method of [~~determining if a printing process operated correctly comprising the steps of~~] inspecting printing, the method comprising:
digitally watermarking an image, said watermark being redundantly applied in [~~multiple~~] areas of said image,
printing said image on a carrier,
acquiring a second image of the image printed on said carrier,
[~~reading~~] detecting the digital watermark [~~data~~] from [~~each area~~] areas of said second image, and determining [~~the~~] an extent to which the digital watermark is detected in the areas as a measure of quality of the printing [~~from the acquired digital watermark data~~].

2) (Currently amended) The method recited in claim 1 wherein said watermark includes a [~~grid~~] signal embedded into the image at selected spatial frequencies.

3) (Original) The method recited in claim 1 wherein said carrier is a label.

4) (Original) The method recited in claim 1 wherein said second image is acquired using a digital camera.

5) (Currently amended) The method recited in claim 3 wherein said label is [~~rejected if said digital watermark data does not meet certain criteria~~] evaluated based on strength of watermark signal detected in the areas as the measure of the quality of the printing.

6-7) (Canceled)

8) (Currently amended) A method of [~~determining the quality of a printed image comprising the steps of~~] inspecting quality of printing, the printing including a first image that has been digitally modified to embed a digital watermark signal and printed on a carrier to create a printed image, the method comprising:
[~~digitally modifying said first image to embed a digital watermark in said image,~~
~~printing said first image onto a carrier to create a printed image;~~]
acquiring a second image of said printed image,
reading said watermark signal from said second image to [~~generate watermark data~~] compute a measure of the digital watermark signal strength embedded in the second image, and
determining [~~the~~] quality of said printing from [~~said watermark data~~] the measure of the digital watermark signal strength.

9) (Original) The method recited in claim 8 wherein said carrier is a label.

10) (Currently amended) The method recited in claim 8 wherein said watermark comprises a [~~grid~~] signal embedded into the image at selected spatial frequencies.

11) (Canceled).

12) (Original) The method recited in claim 8 wherein said watermark is redundantly embedded in multiple areas of said image.

13) (Original) The method recited in claim 12 wherein said carrier is a label.

14) (Canceled)

15) (Currently amended) A system for [~~determining the quality of~~] inspecting a printed image, said printed image including a digital watermark, said watermark being redundantly applied to [~~multiple~~] areas of said printed image, said system comprising,

an image capture device for acquiring [~~a second~~] an image of said printed image, and a computer that executes a watermark reading program for [~~reading watermark information~~] detecting a digital watermark signal from [~~each of~~] said areas of said image, and code for examining [~~the~~] magnitude of the digital watermark [~~information~~] signal in said areas [~~to determine~~] as a measure of [~~the~~] quality of said printing.

16) (Currently amended) The system recited in claim 16 wherein said digital watermark includes a [~~grid~~] signal embedded into the image at selected spatial frequencies.

17) (Currently amended) A system for inspecting [~~determining if the~~] quality of printed labels [~~is acceptable~~], said labels being printed with an image which includes a digital watermark embedded in [~~multiple~~] areas of said image,
means for acquiring an image of said labels after said labels have been printed,
means for [~~reading~~] detecting a watermark signal [~~data~~] from [~~each area~~] the areas of said image of said labels, and
means for determining an extent to which the watermark signal is detected in the areas as a measure of print [~~indicating that the~~] quality of said labels [~~is unacceptable if the watermark data read from each area of said image does not meet specified criteria~~].

18) (Currently amended) The system recited in claim 17 wherein said digital watermark includes a [~~grid~~] signal embedded into the image at selected spatial frequencies.

19. (New) The method of claim 1 wherein strength of the digital watermark signal in the areas is used as a measure of print quality.

20. (New) The method of claim 19 wherein strength of the digital watermark is measured as a function of spatial frequencies that have been modified to embed the digital watermark in the areas.

21. (New) The method of claim 1 wherein the digital watermark is embedded in a background image.

22. (New) The method of claim 8 wherein strength of the digital watermark signal in areas of the image where the digital watermark is redundantly embedded is used as a measure of print quality.

23. (New) The method of claim 22 wherein strength is measured as a function of spatial frequencies that have been modified to embed the digital watermark.

24. (New) The method of claim 8 wherein the digital watermark is embedded in a background image.